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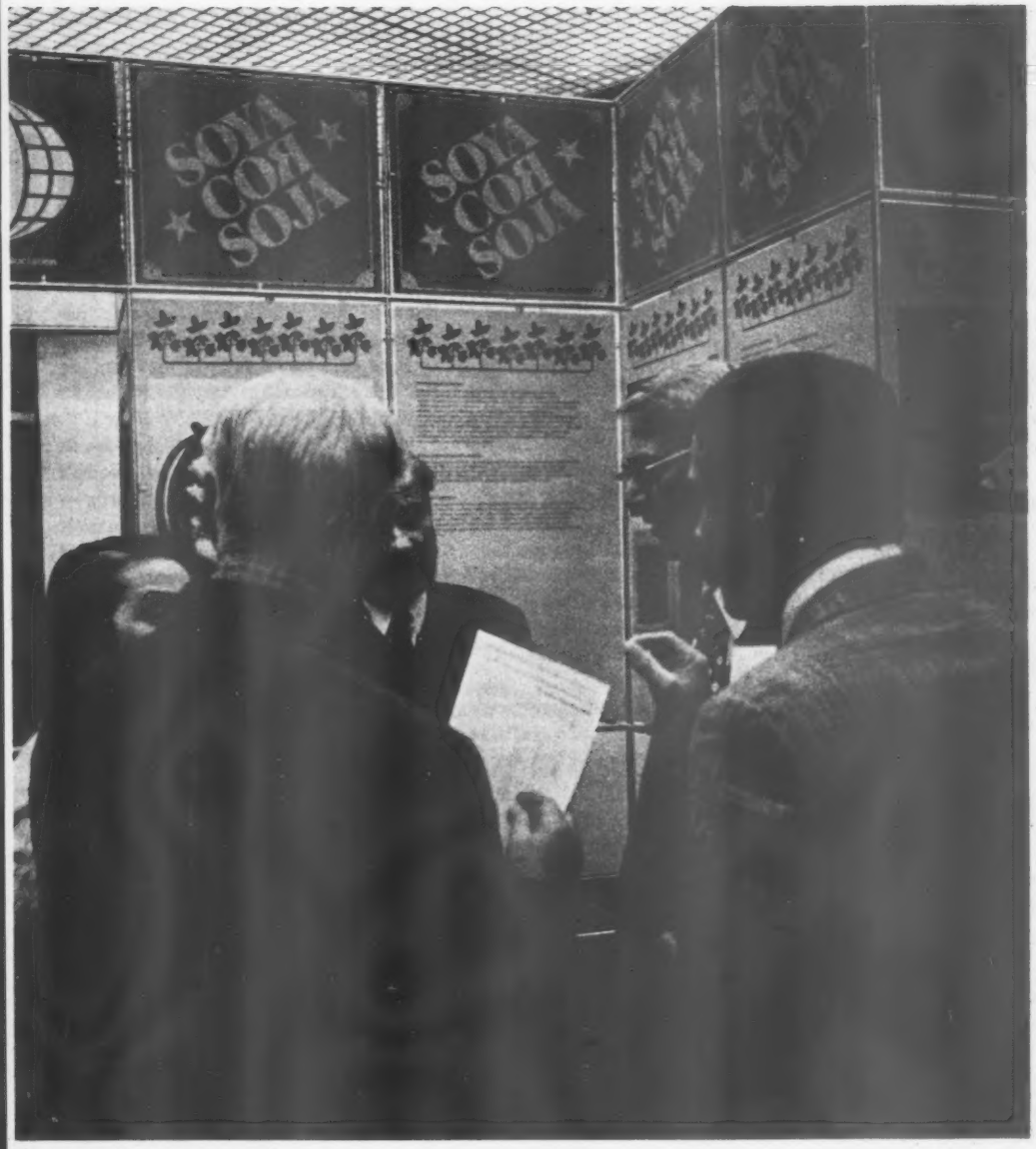

Soviet officials talk soy protein.

● Soviet Union Seen Regular Soybean Customer

November 8, 1976

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FOREIGN AGRICULTURE

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A group of Soviet officials discussing soy protein near the Food Protein Council exhibit at the recent soy protein seminar in Moscow. See article on page 10.

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Rising World Meat Consumption —and National Policies

By BRICE K. MEEKER, *Assistant Administrator*
Foreign Commodity Analysis
Foreign Agricultural Service

SPARKED MAINLY by rising incomes, world meat production expanded by a strong 29 percent during 1961-65/1970-74, with the greatest part of the gain occurring in regions that were already substantial meat producers and consumers.

About a quarter of the increased production was in North America, another quarter in Western Europe, something slightly greater than 25 percent in Eastern Europe and the USSR, and the balance was broadly divided among other regions in the world.

Despite the significant increase in production, demand rose to the extent that its satisfaction required a substantial boost in exports. Between the averages of 1961-65 and 1970-74, exports of red meats rose from about 4.0 million tons to 5.9 million tons (carcass-weight basis). This is an increase of about 48 percent and thus is proportionally larger than the increase in the production of red meats.

The European Community originated almost half of the increased red meat exports, but an extremely high proportion of the boost resulted from expansion in intra-Community trade and thus reflects the effectiveness of the development of the Common Agricultural Policy (CAP) during this period.

Exports by Western Hemisphere nations mounted by approximately 15 percent but, excluding the special case of the EC, the major beneficiaries of world growth in demand for exports were Australia and New Zealand. The combined exports of these countries rose by approximately 28 percent between the two periods.

Of the growth in red meat imports between the two periods, the countries of the EC accounted for about 45 percent, but again the preponderant proportion of this reflects the growth in intra-EC trade. North America, primarily the United States, accounted for almost a quarter of the increased red meat imports and Asia, primarily Japan, accounted for just under a fifth of the increase.

Against this background of a decade and a half of expanding demand, production, and trade, what specific national policies have developed in regard to production and trade in meat among the nations that are important factors in world trade?

United States. Meat production levels in the United States—the world's major producer and largest importer—are essentially determined by market forces, except for modest levels of border protection and—under certain circumstances—limitation on the import of fresh, chilled, or frozen meats of bovines and ovines, the latter excluding lamb. Some indirect influence on meat production levels may result from U.S. dairy price supports or the program for deficiency payments for wool.

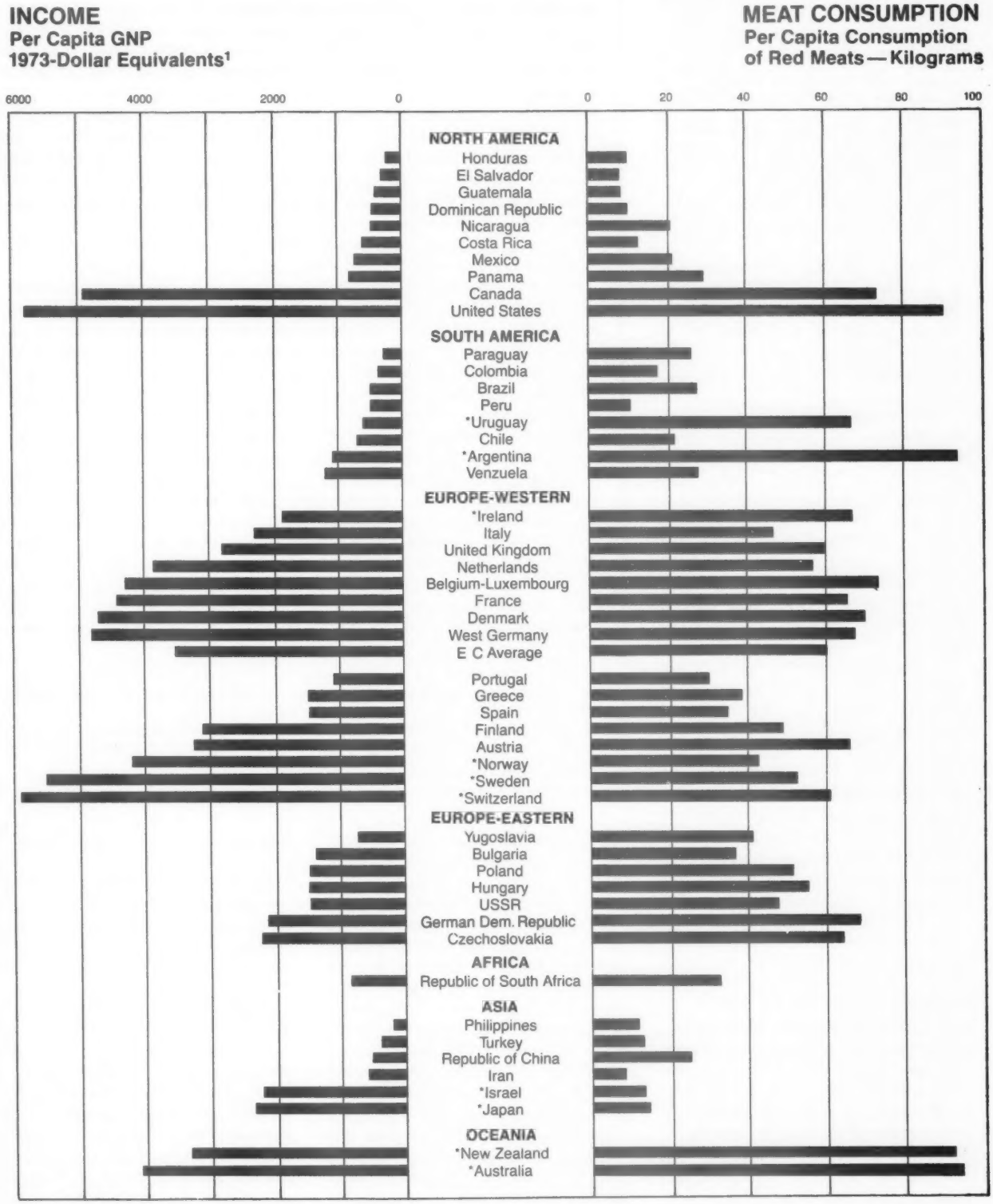
Other policies even more remote, such as costs and extent of grazing on public lands and tax laws that have encouraged investment in feed lot operations, may have some influence on levels of meat production. On the whole, the impact of these programs or policies is not considered significant.

The major U.S. policy impacting trade—the one that provides for limitations on imports of fresh, chilled, or frozen beef, veal, mutton, and goat meat—is carried in Public Law 88-482, which was enacted in 1964. This legislation, while it provides a mechanism for limiting imports, embodies a market-sharing concept, and since, over the long run, domestic production has increased and will continue to do so, the effect is to allow for import growth.

As to its mechanics: At the beginning of a calendar year, an average of actual commercial production of beef, veal, mutton, and goat meat of the preceding 2 years, plus an estimate for the coming year, is divided by like production of a 1959-63 base period. The resulting percentage is multiplied against the base-period level of im-

Based on remarks to World Meat Congress, Buenos Aires, August 5.

WORLD MEAT CONSUMPTION



[1]Publication RC-W-138-May 1, 1974; Bureau for Program and Management Services, Agency for International Development.
For all countries other than the East European countries and the U.S.S.R., 1973 GNP per capita at constant 1972 prices. Per capita GNP for South Africa and New Zealand is for 1972.

For the centrally managed economies: World Bank Atlas — 1974 GNP per capita — 1972 at constant prices of a 1965-1971 base.
*Countries with largest deviation in per capita consumption of meats from the average per capita consumption, per capita share of GNP relationship, as discussed in text.

ports, which amounts to about 330,000 metric tons. The result is the mandatory quota level. However, to invoke mandatory quotas requires that the Secretary of Agriculture's estimate of imports for the year will exceed this level by 10 percent. This is the so-called trigger point.

Mandatory quotas were placed in effect for the first time in October 1976. In prior years and during the first three quarters of the current year, when it appeared that unrestricted imports would exceed the trigger point, voluntary restraint agreements were negotiated with supplying countries, with the restraint level near or above the trigger point.

However, the voluntary restraint program was undermined in 1976 by the entry of large shipments of beef from Canada caused by the substitution of cheaper Australian and New Zealand manufacturing beef in the Canadian market.

The market-sharing concept, which in practice has permitted increased imports as the domestic industry has grown, is an equitable policy. Unfortunately, some mechanism for limiting imports to a reasonable level is required for the protection of the U.S. industry in a world where other major importers such as the EC and Japan can embargo or sharply limit imports by rapidly imposed administrative measures.

It is sometimes alleged that U.S. animal disease protection and sanitary meat processing regulations are forms of protection against imports. This view is absolutely incorrect. There is no discrimination as U.S. and foreign meat processing facilities are required to meet precisely the same sanitary meat-processing standards. Moreover, the United States has an excellent record of providing guidance and assistance to foreign governments and processors that want to be eligible to ship meat processed under conditions that meet U.S. sanitary regulations. This has been done and supervisory inspection provided at no expense.

Regulations to protect the health of the U.S. animal population are extensive and strictly enforced. A major concern is to minimize to the greatest possible degree the danger of introducing foot-and-mouth disease. The reasons for this are obvious. The United States has not had an outbreak of this disease for over 45 years. Farm marketings of livestock products in 1975 were valued at $25.7 billion and the investment in producing stock represents many billions more.

Studies have shown that foot-and-mouth disease virus is found in both bone tissue and lymph nodes of infected animals. Repeated examination and laboratory analysis of boneless beef show that in such meat there remain small fragments of bone and lymph tissue. No commercially feasible means are known that guarantee the complete removal of all lymphatic tissue and bone fragments from such a product.

Canada. Canada provides both beef and pork producers with a degree of protection against distressed livestock markets. This is done by means of deficiency payments that cover Grade A-1 and A-2 cattle in the beef sector and slaughter hogs. However, floor prices below which deficiency payments are necessary are maintained at relatively modest levels and no heavy financial burdens have been incurred in order to meet deficiency payment obligations.

Trade in red meat between Canada and the United States is relatively free of restrictions except for a low tariff structure. Canada prohibits imports of fresh, chilled, and frozen meats from virtually all other countries, except Australia and New Zealand, by animal health and sanitary regulations. Through the first three-quarters of 1976, imports of beef from Australia and New Zealand were subject to general import licenses,

Red Meat and Consumer Income

The most significant policy that has influenced growth in the production and trade in meat has been the general objective of most nations to achieve economic expansion. The amount of animal protein in the diet is closely related to levels of material wealth, and, in national terms, there is a clear association between per capita gross national product and consumption of red meat.[1]

There are 50 countries for which USDA has published estimated per capita consumption of red meats. For 1974, these consumption data show a remarkably close relationship between per capita income and red meat consumption. Despite this, 10 countries show substantial deviations from the curve for reasons that in most cases are readily apparent.[2] Traditional producer-exporters—Argentina, Uruguay, Ireland, Australia, and New Zealand—show much higher per capita meat consumption than would be anticipated by their per capita GNP.

Five countries fall well below the curve for reasons that are more complex but are also understandable. Japan, Norway, and Sweden are heavy per capita fish consumers; in Japan per capita fish consumption is five to six times larger than per capita red meat consumption. Israel deviates primarily because of religious belief, which eliminates consumption of a major red meat. Switzerland's position in this group of countries is presumably connected with its high per capita consumption of dairy products.

If these 10 countries are omitted, the correlation between income and red meat consumption in the remaining 40 countries becomes even closer.

The relationship can be illustrated in a different manner by a simple two-way table, which arranges 49 countries by their per capita GNP and average per capita meat consumption for 1961 and 1974.

There were 16 countries with a per capita GNP of under $500 in 1961. The number of countries in this classification had fallen to nine in 1974. At the other end of the classification, there were six countries with per capita GNP of over $3,000 in 1961. By 1974, the number of countries in this grouping had grown to 14. For the 49 countries, the 1961 average per capita

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[1] For most countries, the per capita share of GNP is for 1973 at 1972 prices. For the centrally managed economies, the per capita share is for 1972 at weighted 1967-71 prices.

[2] The curve is of the form $Y=AB^x$. It is not shown although the bar chart on page 3 uses the same data upon which the curve was based and reflects the same general relationship.

of GNP was $1,622. By 1974, this had grown to $2,434, a growth of approximately 50 percent. Concurrently, per capita consumption in the 49 countries increased by 8.4 kilograms and population increased by nearly 250 million.

While less easy to measure without detailed household consumption data by economic classes, social policies—such as the food stamp plan in the United States, expanded welfare or social security programs, or the introduction of any social policies that tend to redistribute wealth from higher to lower income groups—have effects on average per capita consumption of meats analogous to consumption effects stemming from economic growth.

It is difficult to overemphasize the impact of general social policies—especially policies that result in sustained growth in real income—on expansion of the demand for animal proteins.

INDICATIVE PER CAPITA GROSS NATIONAL PRODUCT SHIFTS FOR 49 COUNTRIES AND CONSUMPTION OF RED MEATS, 1961 AND 1974

Per capita GNP at 1972 prices [1]	1961		1974	
	Countries	Red meat consumption	Countries	Red meat consumption
	Number	*Kilograms per capita*	*Number*	*Kilograms per capita*
Less than $500	16	18.6	9	12.9
$500-999	13	31.0	11	24.4
$1,000-1,999	7	33.7	10	48.2
$2,000-2,999	7	60.7 [2]	5	55.2
Over $3,000	6	65.8	14	76.1
Total	49	...	49	...
Average	—	40.7	—	49.1

[1] For most countries: 1961 and 1973 per capita share of GNP at 1972 prices. For the centrally managed economies where data on consumption of red meats were available, per capita share of GNP in 1961 and 1972, weighted by average prices in 1967-71.

[2] Despite their relatively small populations, this average per capita consumption datum is deceptively high because of the inclusion of Australia and New Zealand and the relatively small number of countries involved. As major exporters, domestic consumption is exceptionally high. Excluding these two countries from the grouping would lower average per capita consumption for this GNP per capita group to 56.9 kilograms. In 1974, Australia and New Zealand fell in the over $3,000 classification but, because of the much larger number of countries involved, their weights do not significantly raise the average per capita consumption data.

Japan is excluded from this table because its very large population and very low per capita meat consumption—combined with the limited number of countries in the per capita GNP classification in which Japan would fall—would severely distort the general and real relationship of per capita GNP to per capita meat consumption.

which were freely granted.

Partly because imports from third countries into the United States are subject to restraints, Canadian officials keep a close watch on prices of imported beef from Oceania. Low prices for beef imported into Canada can disrupt beef markets in both Canada and the United States and seriously depress the Canadian market for manufacturing type beef.

Because of heavy domestic slaughter in 1976, Canada was forced to apply controls to imported beef by requiring minimum import prices. This was done in July 1976 through consultations with Australia and New Zealand, with those countries agreeing to a minimum price for beef exported to Canada after July 16 of this year.

Shortly after the United States announced mandatory meat quotas, Canada, on October 19, announced a global meat import quota to the end of the year. This totaled 17.5 million pounds divided as follows: 4.5 million pounds for the United States; 4.8 million for New Zealand; and 8.2 million pounds for Australia.

USSR. Perhaps the most dramatic development in animal production policy in the past several years, at least as far as its impact on world grain markets is concerned, has been the demonstrated Soviet commitment to increase its population's animal product consumption. This was an objective as far back as the Khrushchev era and, indeed, substantial quantities of grain were imported in the short crop years of 1963 and 1965. Nonetheless, grain imports in this period were not at a level sufficient to preclude substantial liquidation of animal and poultry populations.

The ninth 5-year plan, which spanned the period 1971-75, set very ambitious goals for livestock product production. It called for a 23 percent increase in meat production over the previous 5-year plan, a 30 percent increase in egg output, and a 15 percent increase in milk production.

Despite severe grain production shortfalls in 1972 and 1975 the Soviets did very well in attaining their goals for livestock production other than milk outturn. As is well known, in the effort to buffer the livestock sector from the extreme consequences of the poor 1972 and 1975 crops, the Soviets purchased very large quantities of grain in both these years.

Soviet red meat production, exclusive of horsemeat, increased 43 percent or nearly 3 million tons, as an average in the 1970-74 period vis-a-vis the average production of 1961-65. The impact on Soviet trade in red meats was less significant, although average net imports of 8,000 tons for 1961-65 grew to 80,000 tons in 1970-74. Imports of both red and poultry meats were sharply expanded in 1975. However, through August 1976, despite reduced domestic production of approximately 12 percent, the USSR had not imported meat in large volume. It is presumed that the Soviet Union's difficult foreign-exchange position has been a factor in this decision to limit meat imports.

European Community. The countries that make up the EC are, in aggregate, traditionally large producers, exporters, and importers of red meat. Under the evolution of the CAP, the EC as a region has become highly protectionist.

Domestic beef production is encouraged and supported by an orientation and intervention price system. In the spring of 1976, the EC orientation price for 100 kilograms of live animal was $148.42 or approximately 60 percent greater than the average market price of U.S. cattle during the same period.

This difference is even more striking when the relative quality composition of production is considered. The intervention price, which is the price at which the Community removes beef

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USSR Seen Becoming Regular Soybean Customer

By GEORGE C. WANAMAKER
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Foreign Agricultural Service

THE USSR—heretofore an erratic buyer of soybeans—may be importing 2-2.5 million metric tons of soybeans a year in the near future, to equal or surpass the alltime high of 2 million tons purchased in 1976.

A response to burgeoning Soviet demand for high-protein feed ingredients, this trade expansion could be nipped by USSR efforts to boost its own production of sunflowerseed and soybeans. However, the USSR's problems with sunflowerseed output during both 1975 and 1976 indicate that the nation will be hard put to keep its domestic output growing apace with demand.

This is the finding of the U.S. oilseed team that visited the USSR during September 13-October 2 to assess that country's oilseed production and import potential. Sponsored by the U.S. Department of Agriculture, the team was the second to visit Soviet sunflower producing regions under terms of the 1973 U.S./USSR Agreement on Cooperation in the Field of Agriculture. The first visit was in 1975.

The team's main objectives were to update the Department's assessment of the 1976 Soviet sunflower and soybean crops; review changes in the Soviet oilseed processing industry, particularly as they relate to capacity for handling soybeans; and evaluate the significance of these observations.

Basic findings and conclusions of the team were:

• Unfavorable growing and harvesting conditions will probably hold the Soviet 1976 sunflower crop well below the 1973 record of 7.4 million tons—the current forecast is 6 million—but comfortably above the drought-stricken 1975 crop of 5 million tons. This forecast, of course, hinged on harvest conditions through October, since only 20 percent of the crop—almost entirely in the south—had been harvested at the time of the team's visit.

• The USSR has made a major policy decision to step up the rate of investment in oilseed processing during 1976-80, with sunflowerseed processing capacity scheduled to increase from 6.5 million tons currently to nearly 10 million by the end of 1980. For what appears to be the first time, the USSR is purchasing large solvent extraction complexes in West Germany for erection by 1978/79.

• Acreage, weather, and limitations of crop rotation will hold average USSR sunflower production to less than 8 million tons a year and Government procurements to 6.5 million tons per year between now and 1980. On this basis—and with continued development of livestock and poultry production—the nation would have to import 2-2.5 million tons of soybeans annually to furnish raw materials demanded by the processing industry.

"Unfavorable growing and harvesting conditions will probably hold the Soviet 1976 sunflower crop well below the 1973 record of 7.4 million."

This would continue imports at or above the USSR's record purchases this summer of 2 million tons of soybeans, primarily of U.S. origin, for delivery during January-September 1977. That unusually large purchase—made before 1976 USSR sunflowerseed prospects could have been determined—raised important questions about the future of the USSR as a soybean importer. Finding the answer to such questions becomes especially important in the case of the Soviet Union, which has the capacity to buy huge quantities of agricultural commodities.

So far, the USSR has had a mixed history as a soybean importer, since it is the world's largest producer of sunflowerseed and in most past years has been able to satisfy its vegetable oil—if not meal—needs domestically. However, with growing emphasis on livestock product output—and widely fluctuating sunflowerseed production—the USSR has been in and out of the soybean market several times during the past decade.

That trade began in 1965. A relatively poor sunflowerseed harvest that year prompted the purchase of 93,400 tons of soybeans. During subsequent years, imports followed a fluctuating course, reaching significant levels after poor sunflowerseed crops in 1972 and 1975 and dropping to nothing in good years. Consequently, the country imported 924,000, 25,000 and 325,000 tons, respectively, in 1972/73, 1973/74 and 1975/76, but nothing in the other years between 1965 and 1976.

The pattern appeared to change in 1976, however, when the Soviets purchased soybeans well before the size of the domestic sunflower crop was known.

Given the past close relationship between Soviet sunflowerseed output and soybean imports, the team spent considerable time investigating sunflower prospects in major producing regions. These included Moldavia, Rostov, Krasnodar, Novorossisk, Armavir, Donetsk, and Kharkov, which together account for about 38 percent of the USSR sunflowerseed crop. The team visited three sunflower/oilseed processing plants, several State and collective farms that grow sunflowers; procurement points; and storage facilities. In addition, it met with representatives of the Ministries of Agriculture, Food Industry, and Procurement.

The team found that the Soviets were experiencing difficulties with their sunflower crop for the second straight year. Plantings in much of the European USSR were delayed by a late, wet spring. By mid-May, signs of white and gray rot had appeared in some areas. Disease and the appearance of new strains of broomrape (*orobanche*) contributed to reduced sunflower acreage on some farms in the Eastern Ukraine and the Rostov.

Below-normal temperatures and prolonged rains further delayed an already-late harvest, and by October 4 only 33

[1] **Mr. Wanamaker was team leader. Other members included Donald Frahm, National Soybean Processors Assoc., Memphis, Tenn.; Judith Goldich, Economic Research Service, USDA, Washington, D.C., John M. Ragsdale, American Soybean Assoc., Columbia, Mo; and Richard Widmer, National Soybean Processors Assoc., Decatur, Ill.**

percent of the sunflower area had been harvested, about half usual progress.

Area sown to sunflower in 1976 was informally reported to be about 4.6 million hectares, but the team estimates that abandonment due to late harvesting may reduce the harvested area. Assuming that weather cleared sufficiently to permit completion of harvesting on 4.5 million hectares production is estimated at nearly 6 million tons.

This figure, approximating the average of production during 1971-75, represents a rather disappointing performance, given the Soviet interest in expanding oilseed output. One Soviet official said that the country's current goal for sunflowerseed is to boost production to 7.9 million tons by 1980, with virtually all the gain to come from expanded yields—brought about by increased and better use of fertilizer.

The 1980 production goal will be difficult to achieve, however, in view of some production short cuts already being used and some potential roadblocks.

To control diseases and parasites such as broomrape, for instance, an 8-9 year rotation plan has been strongly urged. However, with sunflower production costs ranging between $65 and $80 per ton and sales to the State set between $225 and $265 per ton, sunflower ranks as one of the most profitable nonirrigated crops. As a result, collective farms frequently shave the rotation period to 5 and 6 years, thus increasing disease problems and exaggerating drought difficulties.

Also, as the USSR increases irrigated area, it reduces the land available for crop rotation for sunflower.

The Soviets have likewise placed stress on expanding their soybean crop, although so far this emphasis has not carried over into actual production results. For although production did hit an alltime high of about 780,000 tons in 1975, that gain came entirely from exceptionally good yields and on an area that was the smallest since 1961.

Mr. Myakushko, head of the soybean research activities of the Krasnodor Oilseed Institute, attributed the sharp increase in yields last year to favorable weather, completion of a hydroelectric dam that enabled flood control, and the use of herbicides.

Little information was forthcoming from the Soviets about the 1976 soybean crop, but in view of the rather unfavorable weather this year, it looks as if production may have fallen back at least to about 500,000 tons. This could be adequate to meet the procurement goal of 400,000 tons if procurement rates were increased but is well below Soviet hopes for future soybean crops.

Their goal is to boost production to 3 million tons by 1980—a figure that the team views as unrealistic. A production of 1 million tons by 1980 would be more likely, and even that might not be reached.

Significant soybean expansion in the Soviet Far East seems unlikely, and expansion in the European USSR will be limited to irrigated land since the minimum 600 millimeters of annual rainfall needed for soybean cultivation is generally not found in sufficiently warm regions here.

"During the 1976-80 Five Year Plan, Soviet oilseed processing capacity is scheduled to be increased by 50 percent."

Soviet production of soybeans for crushing is currently limited to the Soviet Far East, while Moldavian production of 30,000-40,000 tons annually is used for feed.

Soviet vegetable oil production, meanwhile, is seen rebounding only moderately in 1976/77 from the reduced level of 1975/76. Vegetable oil production from State-held oilseed reserves for 1975/76 was 2.7 million tons —well below the level of recent years. And even with increased soybean supplies, a record or near-record cottonseed crop, and an average sunflower crop, vegetable oil production in 1976/77 is expected to increase only to between 3.0 million and 3.1 million tons.

The 1975/76 figure includes about 270,000 tons of soybean oil from imported soybeans, primarily of high-oil-content Brazilian varieties. For 1976/77, it is estimated that about 350,000 tons of soybean oil will be produced from soybeans imported primarily from the United States.

Interestingly, after adjustment for increased soybean and cottonseed oil supplies, the net increase expected for oil from the 1976 sunflower crop over 1975 amounts to only about 10 percent. This implies that, in the view of the Ministry of Food, the 1976 sunflower crop may total only 5.5 million tons, compared with the team's estimate of 6 million.

Another area of concern to the team was oilseed processing capacity, since oilseed imports cannot expand materially until capacity is increased.

The Ministry of Food provided considerable information on recent and planned developments within the Main Administration of the Fats and Oils Industry. If implemented, these plans could have a significant impact on import requirements for soybeans.

The team estimates that in 1975/76 the USSR processed in the State sector an estimated 3.8 million tons of sunflower (all domestic) and 2 million tons of soybeans—1.5 million of them imported. Of the 1.5 million tons of imported soybeans, 60,000 tons were processed in the flaxseed mills of the Baltic region and 100,000 tons in the

Continued on page 16

SOVIET PRODUCTION OF SUNFLOWERSEED AND SOYBEANS, 1970-76

Item	Area	Yield	Production
	1,000 hectares	*Metric tons per hectare*	*1,000 metric tons*
Sunflowerseed:			
1970	4,800	1.28	6,100
1971	4,500	1.26	5,700
1972	4,400	1.14	5,000
1973	4,700	1.55	7,400
1974	4,700	1.44	6,800
1975	4,000	1.25	5,000
1976	4,500	1.30	5,800-6,000
Soybeans:			
1970	860	.70	603
1971	868	.62	535
1972	905	.29	258
1973	838	.50	424
1974	830	.43	357
1975	811	.96	780
1976	850	.60	510

Drought Alters East Europe's Food Planning

By MONIKA B. METRINKO
Foreign Commodity Analysis
Dairy, Livestock, and Poultry
Foreign Agricultural Service

THE JUNE-JULY drought that parched and destroyed large areas of forage crops in Eastern Europe this year has set back planned expansion of livestock herds in Poland, Yugoslavia, Hungary, and Czechoslovakia.[1]

Despite strong official intentions to expand cattle numbers in these countries, 1977 inventories will be below year-earlier levels.

Because of the devastating effects of the drought, these countries will need to import at least 12 million net tons of grain in 1976/77 to meet their basic feed requirements—4 million tons more than were imported in 1975/76. Sales of U.S. grain to these countries in 1976/77 could total about 7 million tons.

Poland's official July 1 census of livestock shows total cattle numbers at 12.8 million head—down 4 percent from July 1975 levels.

Swine inventories at 18.6 million head were down 11 percent from the year-earlier total, primarily because of a reduction of numbers on private farms. The Government is now promoting expansion of swine numbers on State farms to offset the reductions in numbers on private farms.

Sheep and goats are the only livestock category that increased during the year. As of July 1, they totaled 3.3 million head, 6 percent more than on the same date a year earlier.

Total red meat production during 1976 is expected to be about 2 million tons—the same as in 1975. Under the current 5-year plan, poultry meat production for 1976 is expected to increase about 17 percent over the 1975 level of 230,000 tons. Emphasis is being placed on expanding broiler output, and such production in 1976 is expected to rise by about 14 percent over the 1975 level of 124,000 tons. These increases can only occur, however, if adequate grain supplies are available.

During June/July, meat supplies fell short of meeting expanding demand. In Warsaw, shoppers for processed meats waited at times in long queues, depending on the hour of the day. Beef and many pork cuts sometimes were not available at all.

Meat shortages were evident in Warsaw restaurants as well, with only poultry, game, or fish offered as main courses on certain days. The Government has instituted "Meatless Monday's"—similar to those in the USSR—to combat meat shortages.

Primarily to ease demand for meat and the persistent shortages at the retail level, the Polish Government attempted in June to increase retail meat prices. A Communist Party Congress was convened in Warsaw, following which new and higher retail prices were announced. Beef prices were to be advanced 69 percent, pork prices over 100 percent, and those for poultry by more than 30 percent.

However, the new prices never went into effect. It was immediately evident that the Party Congress had misjudged consumer willingness to accept sharp price increases, and street rioting broke out in Warsaw and other cities in protest against the new prices.

THE GOVERNMENT'S attempt to increase prices had been intended both as an effort to reflect the existing supply demand situation for livestock and meat and an attempt to reshape consumption patterns. The riots indicated consumer rejection of these efforts.

As a result of the failure of the proposed meat retail price increases in June, the Government has appointed five committees—including one on price policy—with 1-year tenure to analyze various economic problems. Thus, retail meat prices will remain stable until the committees report their findings to Party leaders.

For the remainder of 1976, Poland will import meat and meat products to ease its tight meat supply situation. The Government has already purchased 70,000 tons of meat.

In Yugoslavia, the Government is making a strong effort to rebuild livestock inventories to early 1975 levels. As of January 15, total cattle numbers at 5.7 million head were down 2.3 percent from year-earlier levels, swine numbers at 6.5 million head were down 14 percent, and sheep and goats at 7.9 million head were down 2.3 percent. Horse numbers were 6 percent below the 1975 level.

These decreases in numbers can be attributed to higher feed prices as well as the European Community's ban on beef imports. The reduction in the hog inventory was caused by a high level of slaughter in 1975, in which—to current regret—the number of breeding sows was greatly reduced.

Total production of red meat in Yugoslavia during 1976 probably will be lower than the 1975 level of about 945,000 tons. Poultry meat output is projected to rise by 5-6 percent over the 1975 level of 187,000 tons, provided sufficient feed is available.

Meat supplies were tight in Belgrade during June and July. Beef and pork were available in limited quantities, and were supplemented by stocks of poultry. During July, the Government imported 3,000 tons of pork from Romania to relieve the tight market situation.

Despite these shortages, however, the Yugoslav Government plans to maintain the 1975 export level of 26.4 million pounds of canned hams to the United States. In 1975, Yugoslav canned ham exports comprised about 10 percent of the U.S. market.

Although the summer drought hurt Hungary, the Government is attempting to maintain livestock numbers. The drought already has resulted in an early shift from forages to feedgrains and concentrated formula feeds. The early shift in feeding patterns could result in a higher-than-normal seasonal slaughter rate at the end of the year.

For the remainder of 1976, Government officials believe domestic production will adequately meet consumption needs and provide some meat for export. Therefore, officials have made no plans to import pork during the second half of 1976.

Hungary's imports of U.S. Holstein-Friesian cattle are expected to decline in 1976, mainly because of the Government's decision to re-assess the breeding stock program that was instituted in 1972. U.S. exports of Holstein-Friesian breeding cattle to Hungary in 1975 totaled 4,071 head, compared with 3,240 head in the previous year.

Because of red-meat shortages, poul-

[1] **The author visited these countries, June 19-July 15, and talked with Government officials.**

try exports during 1976 are expected to be at a lower level than in 1975, and pork exports are not expected to recover to former levels until 1977.

Hungary was successful this year in implementing retail meat price increases. The Government's proposed new prices were announced in January, well in advance of the effective date of July 1.

Beef prices were boosted 41 percent, pork by 40 percent, sausages by 26 percent, and poultry by 20 percent. Bacon and lard prices remained unchanged. The Government's main reasons for increasing meat prices were to reduce subsidies paid retail stores and to put a damper on growth in per capita meat consumption.

CZECHOSLOVAKIA, like Poland, Yugoslavia, and Hungary, is making an all-out effort to maintain livestock numbers. Because of the poor performance of the livestock sector in 1975, it is unlikely that the goal of a 2 percent gain in numbers during 1976 can be achieved. The 1976 total could even slip below the 1975 level.

As in Hungary, the dearth of forage crops in Czechoslovakia has resulted in a switch to concentrate feeding—a costly practice that could result in above-normal seasonal slaughter by the end of the year. However, the Czechoslovak Government is expected to import a sizable volume of grain to maintain livestock numbers.

Czechoslovakia's red-meat production during 1976 probably will be at or near the 1975 level. The Government tried in the first half of the year to restrict supplies, but demand continued to increase.

A slowdown in slaughter during the second half of 1976 would be needed to assure larger meat supplies in 1977. However, such a slowdown has not occurred, and demand for meat and meat products is likely to continue growing during 1977.

The Czechoslovak Government intends to meet most of this growing demand from domestic supplies and limited quantities of poultry from Hungary and pork from Romania, as specified in the current barter arrangements between each of these countries and Czechoslovakia. The Czechoslovaks apparently have no current plans to increase retail meat prices.

Venezuela Crop Estimates: More Sorghum, Less Corn

VENEZUELA'S 1976/77 corn harvest is likely to be 14 percent below last season's outturn of 650,000 tons because of excessive rainfall at planting time, but grain sorghum output this year could increase by over 38 percent to 90,000 tons or more if producers are able to sow sorghum on area previously planted to corn.

Rice prospects have deteriorated further and production is not expected to exceed 155,000 tons—down 50 percent from the 1975 level and the smallest crop since 1971.

Producers of wheat and feedgrains in southwestern Venezuela—the major growing area—experienced unfavorable harvesting conditions during the first quarter of 1976 and were plagued by extremely wet weather during the April-June sowing period.

As of July 19, sowing in southwestern Venezuela amounted to about 100,000 hectares—less than half the area normally planted in this region at this time of year.

Higher support prices normally would encourage farmers to expand area planted to corn and sorghum during the second planting season (August-November). However, this second corn crop will be smaller than the first, will not be harvested until late 1976 or early 1977, and will not offset earlier losses.

A continuation of poor sowing conditions for corn could result in extensive substitution of sorghum on areas not sown to corn, but producers' claims that the Government did not pay them the minimum support price for sorghum delivered early in 1976 may discourage a significant increase in sorghum plantings this year.

However, farmers have few other crops available for areas not sown to corn, and sorghum sowing can be postponed for a few weeks beyond the normal planting time.

Credit institutions were prepared to finance sowing of 150,000 hectares of sorghum this season, although by mid-July funds had been granted for only 25,000 hectares.

The Government has authorized the license-free importation of 2,172 tons of sorghum seed, lending support for the belief that increased sorghum sowing can be expected to occur.

Wheat imports from Argentina by June 30 totaled only 30,000 tons, although another 20,000 tons may be shipped from that country later this year. Not only have Venezuela's wheat purchases from Argentina this year been below earlier expectations, but imports from the United States also have lagged.

The increase in Venezuela's flour prices earlier this year has resulted in reduced demand by bakers for wheat flour. By mid-1976, millers claimed flour sales were about 20 percent below normal levels. Bakers had drawn down flour stocks to minimum levels, and in some cases were buying flour from one another instead of from millers.

As a result, wheat imports during the first half of 1976 totaled only 268,062 tons, only slightly more than the 266,181 tons imported during the same period a year earlier.

A higher level of wheat imports is expected during the second half of 1976 to cover the anticipated recovery in demand for wheat flour. A large share of the wheat to be imported is expected to be Durum and bread wheats.

During the first half of 1976, Venezuela imported only 191,241 tons of grain sorgrum, all from the United States. Feed manufacturers claim that sorghum purchases by the Government have been running a month behind schedule and at mid-1976 stocks were down to a 1-month-supply level. A 60,000-ton increase in grain sorghum imports to at least 260,000 tons is expected during the second half of 1976.

The Government has purchased 148,000 tons of South African white corn at about $155 per ton, c.i.f., to cover 1976 import needs, and 95,048 tons of this amount arrived during the first half of 1976.

Because of the reduced crop prospects, further white corn purchases now seem likely during the second half. Although some of these purchases may be postponed to early 1977 because of the availability of the new domestic crop, imports of more than 100,000 tons during the second half are considered probable.

Consumption of mixed feeds during

Continued on page 16

Soy Protein, Meal Seminars Stimulate Soviet Interest

THE SOVIET UNION—one of the most promising new markets for soybeans and their products—took an in-depth look last month at the many uses of these versatile products. The scene was a series of seminars in Moscow on the practical and scientific applications of soy protein in food and feed.

Sponsored jointly by the Foreign Agricultural Service, the American Soybean Association (ASA), and the Food Protein Council (FPC), the October 13-15 seminars represented the first market promotion of U.S. soybeans and products in the USSR. They featured experts from U.S. (and non-U.S.) industry, Government, and universities, who presented the most current information on product types, application, and nutritional value of soy products. In addition, representatives from the U.S. soy protein industry displayed various soy product lines.

The first 2 days were given over to seminars on food uses of soy protein, while the last day was devoted to feed use of soybean meal. The latter concept is of great interest to the Soviets, who are moving to modernize their livestock industry. The country also has the potential to become a sizable user of soy proteins, given its chronic protein deficit and determination to upgrade diets.

Attending the seminars were more than 200 Soviet officials from the ministries, institutes, and import agencies that help determine imports and usage of soy products by the USSR. Specifically, the Moscow audience included top-level Soviet officials from the State Committee for Science and Technology and the Ministries of Agriculture, Procurement, Foreign Trade, and Food. On the industry side, representation included the feed and flour industries, the oilseed processing industry, and the bakery and meat institutes—all potential user-industries.

Opening the seminar, Alan W. Trick, U.S. Agricultural Attaché in Moscow, emphasized U.S. ability to supply abundant quantities of soybeans and products, indicating that the United States this year will harvest nearly 35 million metric tons of soybeans from 20 million hectares. He also pointed out that the United States—the world's leading producer and exporter of soybeans—this year will account for 57 percent of the world's soybean production and supply 70 percent of the soybeans and products entering world trade.

Concerning soy protein, Trick said that there is a growing acceptance of it in the United States as indicated by the use of soy protein as an extender in ground meat. He further cited the product's increasing acceptance in the U.S. food industry, especially in the manufacture of convenience-type foods, and also in the institutional trade for use in cafeterias, restaurants, schools, and hospitals.

In closing, Trick stated that soy protein could play an important role in the USSR, particularly as an extender in Soviet meat products such as sausage, which alone accounts for about half USSR meat consumption.

The seminars touched on all aspects of soy protein use, revolving around three areas: Explanations of the various types of soy products; the nutritional and economic value of the products; and actual application in the food and feed areas.

According to U.S. participants, the seminars accomplished the preliminary goal of increasing Soviet awareness of the economic and nutritional value of soy protein. Trick indicated that the Soviets have a deep interest in soybean meal because it can help achieve their goal of expanding feed production as economically as possible. The Soviet scientists admitted, for instance, that with a correct balance between protein and energy, they could boost total feed efficiency by one-third without using any additional grain.

In 1973, the USSR was estimated to have a digestible feed-protein deficiency equal to 12 million tons of soybeans—a shortage that almost assuredly has continued to grow in view of that country's expanding livestock numbers. This compares with actual soybean imports of 1.5 million tons in 1975/76—an alltime record—and planned imports of 2 million tons in 1976/77. Most of the latter purchase will be coming from the United States (see page 6).

The Soviets are also expected to import some soybean products as a result of the seminar. This would represent a first for the USSR, which heretofore has neither imported soybean products nor incorporated significant quantities of soy protein into its diets. However, they are becoming more familiar with the versatility of soybeans and last year harvested a record domestic crop of 700,000 tons—most of this in the far eastern sector, where expansion possibilities are limited.

Despite the fact that soy protein has not taken hold as yet, the USSR has a vast market potential, given its population of 255 million people, per capita meat consumption of only about 110 pounds (compared with 190 lb in the United States), and shortage of vegetable proteins.

It is believed, therefore, that soybeans can play an increasing role in the food economy of the USSR, both as a source of high-protein livestock feed and also for direct food use.

The seminars are the third in a series of FAS-sponsored soy protein conferences. The first was the World Soy Protein Conference in Munich, Germany, in November 1973, and the second, the Latin American Soy Protein Conference held in Mexico in November 1975.

These events have been organized in response to the growing interest world wide in soybeans for food. The United States has been the leader in this area, in both technology and production.

OF THE total U.S. soybean crop produced in the United States, about 1 percent now goes into the production of soy protein for human consumption. There are, however, great expectations for production of edible soy products which at the projected growth rate of 15 percent annually, would reach 2 billion pounds by 1980. The most frequent uses of soy protein in the United States are in the production of snack foods, cookies and crackers, dairy substitutes, and prepared cereals.

Western Europe also is using various types of soy protein products. Consumption of edible soy protein is projected to increase in a number of the West European countries as food regulations become more flexible, and as the end-users become more aware of the economic and nutritional values of soy protein in food.

U.S. Poultry Exports To Latin America Stymied

By WILLIAM J. MILLS
Foreign Market Development, Dairy and Poultry
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THE UNITED STATES has a potential poultry market in Latin Amercia. However, most market development efforts in this area will probably be hampered by high import duties and nontariff barriers, according to a market survey of Brazil, Mexico, Venezuela, and Colombia conducted this past spring.[1]

Limited markets already exist for some U.S. poultry and poultry products in these countries—particularly Mexico. Export markets could be developed even further, particularly for turkey products, egg products, and cheaper poultry parts, if the United States had reasonable access to these markets. However, influenced by a small number of local producers, government policy in many of these countries makes export of shell eggs for consumption and whole chicken difficult. In Brazil, this situation also includes whole turkeys.

In all four of these countries, the major trade restriction against U.S. exports of poultry and egg products is the licensing requirement. Permits are not issued in Brazil, Colombia, or Mexico if government officials feel domestic producers can provide the poultry and egg products. Duty levels range between 20 and 155 percent, ad valorem. In many cases, U.S. products would be able to penetrate the market despite the high duty levels, but nontariff barriers hamper U.S. export efforts.

Combined, Brazil, Colombia, Mexico, and Venezuela make up a potentially strong market for U.S. poultry. The total population for these countries is estimated at 211 million people, and population growth rates are relatively high—2.8 percent to 3.5 percent annually. This expanding population is expected to place a major burden on the domestic production of food products, particularly in Colombia and Venezuela.

The economic outlook in these countries varies considerably. Spurred by high world coffee prices and economic recovery in the industrial countries, the Colombian growth rate in 1976 may be 6 percent or higher. In Venezuela, the economic outlook also continues to be favorable. Prospects in Brazil are for a lower growth rate in 1976 than the 4–5 percent increase in 1975. In Mexico, the economic outlook is uncertain; however, recently discovered oil reserves could make it one of the most prosperous countries in Latin America.

Market potential for U.S. poultry and products to Latin America depends heavily on each nation's duties and nontariff barriers, along with the prices of competing meat products.

Mexico. Among the four countries visited, Mexico is the largest U.S. market, with potential for further growth. It also is the largest single market for U.S. broilers, importing 7.4 million pounds in 1975—up 81 percent from that of a year earlier. Imports of other poultry products also have increased—chicken parts (up 213 percent to 2.1 million pounds), hatching eggs (up 111 percent to 76,000 dozen), and shell eggs for consumption (up 181 percent to almost 1 million dozen). Shipments of baby chicks, however, have trended downward in the past few years, dropping 30 percent to 415,000 head. These poultry exports are destined for the free zones, where licenses appear to be freely issued.

Mexico, in fact, should be considered two markets:

- A very restrictive one, encompassing the interior of Mexico whose financial and industrial center is the capital, Mexico City;
- The liberal, but small, free zones that cover all of Baja California, the adjoining areas 12 miles inland and parallel to the U.S. border, and the Cancun resort area. Owing to the proximity of this market to the United States, it has long been U.S.-oriented and has had less stringent import regulations than the other, larger (in potential) Mexican market, for which the Government will not issue licenses.

The Mexican Government maintains an official price against which import duties for poultry and poultry products are calculated. Duties for U.S. products range from a minimum of 1 cent per pound for fowl livers to 65 cents per pound for canned poultry meat. If the c.i.f. import price of the commodity exceeds the official price, the duty is calculated at the higher rate. Further-processed turkey products would be subject to a duty of 4 cents per pound or 20 percent, ad valorem, whichever is higher.

The greatest deterrent to U.S. exports is not the Mexican duty level, but the nontariff barriers, such as licensing requirements. As long as the current system continues—one in which Government officials and local producer representatives determine import needs—it is unlikely that the Mexican Government will issue import licenses for poultry or poultry products to the nonfree zone areas.

Storage and handling facilities at import points are adequate for frozen containerized poultry products. Although the method of distribution varies with the product, most imports are sold through Mexico City firms that have their own sales and distribution arrangements throughout the country.

THE PRICE OF WHOLE chicken (New York dressed) in Mexico is currently 98 cents per pound, indicating the U.S. product would be competitive in this market. Competing meat and fish product prices indicate that poultry consumption would increase markedly if the product were available. The only local product having a substantial competitive advantage over poultry is fish.

The Mexican market could use U.S. poultry products, particularly further-processed turkey products for the tourist trade, and cheaper chicken parts for low-income groups.

Mexican production of poultry meat has remained rather constant during the past 3 years—roughly 300,000 tons. Egg production has been increasing at about 3.5 percent per year during this same period, and now totals 7.6 billion eggs annually. Imports of poultry meat have more than doubled to 5,000 tons during this period, while egg imports have remained constant at just over 4 million eggs per year. The major supplier of poultry and poultry products is

[1] The market survey was conducted by the author and E. H. Driggs of the Poultry and Egg Institute of America, London office.

the United States. Other small suppliers include Canada, Switzerland, and Japan.

Brazil. U.S. poultry export prospects in Brazil currently are not good, since Brazil is not expected to issue any licenses for imports of poultry and egg products in the near future. This bleak outlook stems, in part, from the country's severe balance-of-payments problems and its attempt to correct the problem by curbing imports. Consequently, the renewed licensing of poultry imports depends on Brazil's balance-of-payments recovery, which, in turn, is dependent on coffee prices, availability of sugar for export, and the soybean industry.

Even if this recovery occurs, duty levels and prior deposit requirements would largely prohibit U.S. exports. Brazil's high import duties against poultry and egg products range from 125 percent to 155 percent, ad valorem. In addition, Brazil has a prior deposit requirement of 100 percent of the import value. This deposit must be maintained for 360 days, and receives no interest. Even if import permits were issued, U.S. products would not be competitive, except with products not produced domestically. These latter products would include egg products and bulk-packed poultry meat for the processed food industry, and further-processed turkey products for the hotel, restaurant, and institutional trade. A Brazilian food study, conducted in October 1974, indicated a need for such products.

In 1975, Brazil imported small quantities of broilers from Belgium, the Netherlands, Denmark, and the United States. However, the total was less than 500 tons.

Brazilian production of poultry meat has increased over 27 percent between 1973 (324,000 tons) and 1976 (413,000 tons). It is estimated that in 1976, Brazil will export 10,000 tons of broilers, most likely to the Mideast and West Africa.

Despite relatively large poultry meat production, per capita consumption in Brazil is low—8.3 pounds in 1976. Domestic production and consumption of eggs is estimated to have remained relatively constant at 6 billion eggs annually.

The Government controls the retail price of whole broilers at 47 cents per pound. This price appears competitive with other meat prices. Local retailers are able to circumvent the controlled price by selling chicken parts, drumsticks, and breasts at $1.11 per pound, and wings at 53 cents per pound.

Venezuela. Prospects for increased U.S. exports of turkey and further-processed turkey products to Venezuela are good. For example, one of the major Venezuelan poultry importers—placing orders for products in excess of 30,000 pounds—has expressed interest in contacting U.S. suppliers.

U.S. export data indicate the United States currently supplies small quantities of frozen chickens (5,000 pounds in 1975), whole turkeys (36,000 pounds), poultry specialties (359,000 pounds), hatching eggs (10,000 dozen), dried eggs (21,000 pounds), and shell eggs for consumption (442,000 dozen) to Venezuela. Venezuela also imports small quantities of poultry and poultry products from Spain and France.

Top left: Hen house near Caracas, Venezuela. From left—A. Carillo, veterinarian; E.H. Driggs, area director, PEIA London office; and P.F. Rondon, agricultural specialist. Top right: Delivering chicken to processing plant in Caracas. Bottom left: Modern Venezuelan processing plant using U.S. equipment. Bottom right: Brazilian supermarket display of frozen poultry products.

Venezuela's tariff system includes duties ranging between 36 percent and 100 percent on imports of poultry and egg products. Except for products at the 100-percent duty level, duties are not the major import barrier. Nontariff barriers are the major trade restraint, including the requirement of import permits for some commodities and exclusive imports by the Government for others. Prior to any long-term market development programs in Venezuela, reasonable access to this market is needed, including reduction of all duties to reasonable levels and free import licensing.

Venezuela's own production of poultry meat has increased 15 percent in the past 4 years, rising to 132,000 tons in 1976 from 115,000 tons in 1973. During 1973-76, egg production also rose slightly from 1.6 billion to 1.8 billion eggs. Venezuela does not export any of its poultry or egg products.

Colombia. Opportunities exist for the United States to increase its share of Colombia's poultry imports through shipments of further-processed turkey products and dried eggs. These products are not produced domestically, and it has been indicated that the Government may be agreeable to issuing licenses for them.

U.S. export data indicate Colombia currently purchases roughly 250,000 baby chicks, 15,000 pounds of dried eggs, and small quantities of hatching eggs from the United States on a fairly regular basis.

However, the Colombian Government does not issue import permits for whole turkeys, broilers, or shell eggs for consumption (and probably will not do so in the near future). Despite the fact that Colombia's domestic production of poultry meat is relatively insignificant—8,000 tons per year—there are a few domestic producers of chicken, and one producer of turkey, who influence the Government in restricting licensing of imports.

Colombia's duties on poultry and poultry product imports range from 30 percent to 55 percent, ad valorem. These duties are not prohibitive in themselves; however, the Government maintains a licensing system that precludes imports. No import licenses for these products have been issued since 1974.

Domestic frozen broiler prices in Colombia currently are 59 cents per pound, while those for turkey are $1.17.

U.S. Meat Import Quotas Imposed

Recent U.S. Government actions have the effect of limiting for the remainder of 1976 this country's imports of fresh, chilled, and frozen beef, veal and mutton. Included is a ban on further imports this year of beef processed in U.S. foreign trade zones.

President Ford on October 9 imposed mandatory quotas on U.S. imports of meat subject to the Meat Import Act of 1964. Imports under the Act, mostly beef, will be held to a total of 1,233 million pounds. Acting Secretary of Agriculture John A. Knebel had estimated that without import restraints 1976 imports of meat subject to the Law would total 1,250 million pounds—17 million pounds above the level requiring the imposition of quotas.

In a separate but related action, USDA on October 26 issued a regulation preventing any more foreign beef or veal processed in plants in foreign trade zones, possessions, or territories from coming into the United States during the remainder of 1976. This includes meat processed in the U.S. Foreign Trade Zone at Mayaguez, Puerto Rico.

The USDA action was taken to prevent circumvention of the U.S. Meat Import Law and the meat quotas established on October 9. However, beginning January 1, 1977, these processed meat products once again will be allowed to enter the United States.

Foreign beef or veal processed in U.S. foreign trade zones, possessions, or territories during 1976 that comes into the United States after January 1, 1977, will be included in the meat import estimates made quarterly by USDA, and will be charged against any global limitations that may be established in 1977.

Any foreign beef or veal processed in U.S. foreign trade zones, possessions, or territories after January 1 and shipped into the United States will be included in the estimates and will be assessed against any foreign country's limitations that are in effect for 1977.

Secretary Knebel on October 27 determined country allocations for U.S. meat imports during 1976 as follows (in pounds):

Australia, 632,200,000; Costa Rica, 53,700,000; Dominican Republic, 14,400,000; El Salvador, 11,400,000; Guatemala, 34,300,000; Haiti, 1,900,000; Honduras, 35,800,000; New Zealand, 259,800,000; Nicaragua, 48,900,000; Panama, 2,600,000; Mexico, 52,000,000; and others (including Canada, Ireland, the United Kingdom, and Belize), 86,000,000.

A substantial quantity of beef had already entered the United States from Mayaguez in 1976 before issuance of the October 26 ban. As of October 16, 56.3 million pounds of foreign beef had entered the Mayaguez Foreign Trade Zone for processing this year.

Some of that beef was processed and shipped to the United States before October 26 and cannot be charged against the import quota. Some of the 56.3 million pounds on a direct, through bill of lading entered the United States without processing and was counted against the quota of the originating country. The remaining beef not on a direct, through bill of lading or already processed cannot enter the United States until after January 1, and will then count against the 1977 quota.

Mayaguez beef entering the United States outside the quota during 1976 was not included in Secretary Knebel's fourth quarter estimate of 1,250 million pounds of imports covered by the Act. That estimate exceeded by 27 million pounds the third quarterly estimate issued by USDA on June 28, an increase that was more than sufficient to trigger quotas. The fourth-quarter revision was primarily a result of continued large shipments of beef from Canada to the United States, caused by the substitution of cheaper Australian and New Zealand manufacturing beef in the Canadian market.

Public Law 88-482, enacted in 1964, provides that if yearly imports of certain meat—primarily fresh, chilled, or frozen beef and mutton—are estimated to equal or exceed 110 percent of an adjusted base quantity, the President is required to invoke quotas on imports of these meats.

Based on the formula provided in the law, the adjusted base quantity for 1976 was set at 1,120.9 million pounds. The law also provides that if the import estimate equals or exceeds 110 percent of the adjusted base quantity, import quotas must be proclaimed. For 1976, that trigger level was 1,233 million pounds.

India's Tea Crop, Exports To Set Record

Indian tea harvesters en route to weighing station.

INDIA's thriving tea industry, strengthened by rising world demand, low stocks on the London market, and higher world coffee prices, may set new production and export records this year.

Total Indian tea production during calendar 1976 is estimated at about 500,000 tons, and exports at 210,000-220,000 tons. Earnings from exports during 1976 are expected to be substantially higher than 1975's $292 million because of higher unit values.

Other plus factors in India's tea trade include accelerated promotion efforts by the Government, greater emphasis on export of packet and instant tea (which are valued-added items), and an increase in the excise duty rebate allowed at the point of export.

The Soviet Union, which purchased 57,000 tons of Indian tea in 1975, is expected to increase this trade by 10 percent during 1976.

Libya, previously one of the smaller buyers, has placed an order for 4,000 tons, and the United States and Canada are reported to be buying better qualities of India on an increased scale this year.

Resumption of private trade with Pakistan and the opening of railway service between the two countries has raised the possibility of exporting Indian tea to Pakistan. It is estimated that Pakistan could become a market for 10,000-15,000 tons of Indian tea annually.

India's tea production during the first 6 months of 1976 totaled 163,000 tons, up 14,000 tons from the drought-curtailed January-June 1975 output, but only 2,000 tons more than production in the corresponding period of 1974.

Weather conditions during the first half of 1976 were highly favorable in northeast India for tea production and adequate supplies of fertilizer were available at reduced prices.

Exports of Indian tea during calendar 1975 totaled 218,099 tons, up 5.9 percent from 1974's level of shipments. The increase was mainly accounted for in exports to the USSR, Poland, Iraq, and Afghanistan.

Shipments to the USSR—the second largest customer of India teas after the United Kingdom—increased by 34 percent to 56,469 tons in 1975. Exports to Poland rose by about 5,300 tons, those to Iraq by 3,300 tons, and to Afghanistan by 3,100 tons.

Exports to the United Kingdom increased by only 876 tons to 59,630 tons during 1975, and shipments to the Netherlands, Ireland, and Sudan were smaller than 1974's.

Small quantities of instant tea and tea bags also were exported during 1975. Exports of instant tea during 1975 totaled 350 tons, compared with 217 tons in 1974. The United States was the principal recipient country of Indian instant tea.

The substantial increase in Indian tea prices during 1975 was mainly the result of support extended by foreign buyers and the higher excise duties promulgated by the Government on most teas.

There has been a further improvement in tea prices during 1976, both in the domestic and international markets. The all-Indian official wholesale tea price index for January-July 1976 averaged 3.5 percent higher than in the corresponding 7-month period of 1975. In July, the tea price index was 4.5 percent higher than in July 1975.

Government assistance to the tea industry is available in several forms. Replantation subsidies are offered planters who agree to under-take phased programs of replanting old tea bushes. Long-term loans are available to tea estates for replanting, replacement, and extension of tea area and for acquiring machinery and irrigation equipment on a hire-purchase basis.

Legislation empowering the Government to take over management of "sick" tea gardens for a minimum period of 5 years was approved by the Parliament in May. There are about 40 "sick" or closed tea gardens in northeast India, covering 8-10 percent of total area under tea.

India's efforts to achieve a degree of price discipline among the major tea exporting countries have met with some success in discussions with Sri Lanka, Mauritius, and Bangladesh, but there apears to be sustained opposition from the new tea-producing countries, which are reluctant to enter into agreements that would tend to restrict production and/or exports of tea.

No conclusive decision was reached at the April 1976 Rome meeting of the FAO Intergovernmental Group on Tea, which was attended by representatives from many tea-importing and exporting countries.

The United Nations Conference on Trade and Development (UNCTAD) meeting at Nairobi has proposed an initial $3 billion fund for stocking 10 commodities, including tea, to attempt to assure producing countries of stable prices and consuming countries of a steady level of supplies.

—Based on report from
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World Meat Consumption

Continued from page 5

from the market and places it in storage, is 90 percent of the orientation price.

The domestic market, in the first instance, is protected both by levies and by a Common External Tariff of 20 percent ad valorem. Levies are removed when domestic prices reach 106 percent of the orientation price and are reimposed when domestic prices fall to 95 percent of the orientation price.

Despite these high levels of border protection, the EC embargoed beef and slaughter cattle imports in July 1974. This was followed by an export/import system where the meat trade was entitled to import one unit of beef if matched by one unit of beef exports. This was later modified to allow the import of two units of beef for one unit exported.

A subsequent modification—and the one currently in force—is the so-called *jumelage* system, which permits the importation of one unit of beef for each unit of intervention beef that is either sold domestically or exported.

Because of the difficulties attendant upon the sale of intervention beef which, on the whole is of low quality, the *jumelage* system has the practical effect of a rather limited import quota system. Imports were only about 23,000 tons at the end of March 1976, under the restrictive nature of this system.

The export of certain types or cuts of beef is encouraged by export subsidies. Thus, traditional exporting nations are not only severely limited in their access to the EC market but occasionally encounter EC subsidized competition in third-country markets.

The EC protects its domestic pork industry through a gate price, which is essentially a minimum import price system that reflects the higher cost of grain within the EC vis-a-vis world grain prices, and a levy system that assures enforcement of the gate price. The minimum import price, besides reflecting differential grain prices, includes a built-in preference for the EC producer.

Exports of pork products to third countries are subsidized.

There is no CAP for ovine meats, but imports face a common external tariff of 20 percent ad valorem. Imports of ovine meats are under individual country licensing systems, some of them quite restrictive in nature.

Under these policies, EC production of red meats increased from the 1961-65 average of 11.1 million tons to a 1970-74 average of 14.1 million, or approximately 26 percent. At the same time—using the same average periods—EC net imports of red meats declined 523,000 tons, or 36 percent. Net imports of red meats in the period of the embargo in 1974 and in the years since 1974 have declined even more radically in comparison with the average level of imports in 1961-65.

Japan. Japan has relatively limited opportunities for significant increases in the production of red meat, although Government policies result in extremely high producer prices for beef.

Japan has no import limitation on ovine meat, but employs various import regimes for other red meats, although the systems vary somewhat by type of meat. For bovine meats, a quota for the first half of the fiscal year is announced around April 1. A subsequent quota for the latter half of the fiscal year is announced at a later date.

The quota is mainly for boneless fresh, chilled, or frozen beef on a product-weight basis, with a much smaller quota set aside for high-quality beef destined for use by hotels and restaurants. Approximately 90 percent of the imports are controlled by the Livestock Industry Promotion Corporation, which, in effect, is a Government agency.

Pork is produced under a floor and ceiling price system where duties may be suspended when prices move above the ceiling and where the higher of a 10 percent duty or a variable levy is effective when prices decline below the ceiling level. The Livestock Industry Promotion Corporation purchases domestic pork if the price falls below the floor level.

Pork imports are also subject to license.

Argentina, Australia, New Zealand, and Ireland all manage their meat exports to a greater or lesser degree under their respective Meat Boards.

In policy terms, the Boards exercise considerable flexibility, depending upon their assessments of market opportunities and potential competitive conditions. The various Meat Boards have differing degrees of power, with Argentina and New Zealand having unlimited power of acquisition and the ability to export in their own names.

Argentina is in the process of altering its meat export and producer payment policies but the extent and nature of the changes are not known. Australian and Irish Meat Boards, while having considerable market regulatory power, operate through private exporters.

An interesting feature of the New Zealand Meat Board is its creation of a Meat Export Development Company, which is a monopoly seller of lamb to North America.

What is the future, say over the next quarter of the century, for the world meat industry?

Over the past couple of years there has been great concern over the world food situation, and some advocacy of decreasing cereal usage for animal production so that a greater quantity of cereals would be available for direct human consumption.

For a number of reasons, the advocacy of such a policy is unrealistic. Among these reasons is the human predilection to increase the intake of animal protein if material well-being permits, and the growth in consumption of animal products made possible by general economic growth.

I do not expect human nature to change, nor do I expect a termination of growth in the wealth of nations. Various national economies that have enjoyed rapid rates of economic expansion in the past couple of decades may enjoy less rapid growth rates in the next couple of decades. But they will, on the whole, continue to grow. Various national economies that have not had high rates of growth in the past couple of decades may well have greater growth in future years. In short, in the future there will be more people at higher standards of living than in the past or in the present.

There is also a physiological factor that will perpetuate animal production. Animals, and especially the ruminants, are capable of using large quantities of plant energy and proteins that are not directly usable by a monogastric animal such as man. In short, indirect consumption of cereals via animals is both flexible and complementary to the utilization of these other feed resources.

I do not, therefore, see any basic structural change in the world livestock industry in terms of location of production, and I do foresee a future where a greater number of people are eating a greater amount of animal products.

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Venezuela Grain

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1976 is estimated at 1.4 million tons. To produce this amount of feed, manufacturers will need 750,000-800,000 tons of feedgrains or feedgrain substituted—i.e., wheat mids and corn hominy feed.

Since feedgrain supplies from domestic harvests of sorghum and yellow corn are not expected to exceed 150,000 tons this season, Venezuela will need 600,-000-650,000 tons of imported sorghum or feedgrain substitutes. As only 200,-000 tons of substitutes are expected to be available this year, Venezuela will have to import about 450,000 tons of sorghum.

Wheat consumption during 1976 is expected to total no more than 650,000 tons. About 80 percent of all wheat consumed and imported this season probably will be bread wheats.

Venezuela is expected to continue its reliance on imported Durum for 10-12 percent of its wheat needs and on soft red wheats for 7-8 percent. No rice will be blended with wheat for wheat flour because of reduced rice supplies.

Rice production in Calabozo during 1976 was adversely affected by drought and rat destruction and is expected to total only 60,000 tons (paddy), compared with a normal harvest of about 135,000 tons. Although rice is normally sown and harvested year-round, recovery in the second half of 1976 is not considered possible.

RICE HARVESTS in the Portuguesa zone are unlikely to offset the losses in Calabozo. Flooding interrupted the preparation of seedbeds and sowing. Some farmers were planning to switch to grain sorghum on areas normally sown to rice. The total estimated rice harvest of 155,000 tons (paddy) would be about 50 percent below last season's outturn.

Pulse production probably has been adversely affected by poor growing conditions in the major production zones. Imports of pulses during the first half of 1976 were up 46 percent from the 10,166 tons imported during the same period a year earlier. Although the U.S. share was down by 8 percent to 84 percent, it should increase during the second half. —Based on dispatch from

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USSR Soybean Imports

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cottonseed mills of Central Asia. The remaining 1.3 million tons were processed in sunflower mills, primarily in the Ukraine, Kuban, RSFSR, and Moldavia.

The processing of 1.3 million tons of soybeans requires 2.6 million tons of sunflower processing capacity because of the higher meal content of soybeans. Thus, 3.8 million tons of sunflowerseed and 1.3 million of soybeans require a combined capacity of 6.4 million tons. Since total sunflowerseed operation capacity is estimated at 6.5 million tons, Soviet mill capacity was probably utilized at about 98 percent in 1975/76.

For 1976/77, sunflower processing capacity is projected to increase from 6.5 million to 6.9 million tons, assuming that capacity will continue its recent 3 percent rate of increase and that operation day possibly will be extended from 316 last year to 325.

Subtracting from this 6.9 million tons the anticipated 1976 State procurement of 4.5 million tons leaves 2.4 million tons for processing imported soybeans. Thus, at an improved 60 percent conversion, about 1.4 million tons of soybeans could be processed in sunflower mills during 1976/77.

In addition, the Ministry of Food indicates a special effort is being made to turn the Vinnista plant in the Western Ukraine into a showcase for soybean processing. It is probable that this plant will be able to handle 150,000-200,000 tons of soybeans in 1977. Additional quantities of imported soybeans can be handled in flaxseed mills (100,000 tons), cottonseed (100,000), and Far East soybean processing facilities (200,000).

During the 1976-80 Five Year Plan, Soviet oilseed processing capacity is scheduled to be increased by 50 percent from 20,000 tons daily to 30,000 tons. Part of this expansion includes the construction of two solvent extraction plants in Central Asia, each with a capacity of 1,200 tons daily. Contracts for the purchase and construction of these two plants have been signed, and the plants should be operational in 1978 and 1979.

That such extensive investments in new facilities are planned—and that other than Soviet equipment is to be used—indicates the serious nature of the expansion plans.

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